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CONFIDENTIAL

2 August 1955

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting to discuss the feasibility of combining the Commercial Staff and the Project Administrative Planning Staff, as a result of the recommendation in the Inspector General's Survey of the Commercial Staff

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1. Present at the meeting, held on 2 August 1955, were Messrs. [REDACTED], [REDACTED], Houston, White and [REDACTED].

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2. Colonel White opened the discussion by indicating that the only element of the Inspector General's report which was to be considered at this meeting was the recommendation that the PAP Staff, the Commercial Staff and the Covert Legal Unit be combined into the Investment Management Staff. They indicated that if it had been within the scope of their assignment, they would have recommended that the Cover Division also be combined with these units and that the whole consolidated staff operate under the direction of, and be responsible to, the COP/DD/P.

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3. Colonel White indicated that he had checked this possibility out with Mr. [REDACTED], who feels that he would not want to consider such a move now, inasmuch as the Cover Division is fairly new and they have enough problems getting that to function in an effective manner. Colonel White indicated we will then proceed on the assumption that the Cover Division is not involved in our consideration.

4. Colonel White then discussed the Covert Legal Unit and indicated that he agreed with Mr. Houston that there was no such unit and that what was really involved was a physical separation of certain members of the Office of the General Counsel for the convenience of the Clandestine Services so that they might more readily make the contacts required with the General Counsel. Colonel White felt it would not be prudent to place members of Mr. Houston's Staff under the direct supervision of the Chief of the Investment Management Staff, and that therefore we would, by common consent, exclude the Legal Unit from consideration.

5. The discussion then resolved itself to consideration of the point of whether the Commercial Staff and the PAP Staff should merge. Colonel White indicated that he had felt for some time that there might be benefits accruing from such a combination or merger. He felt that if the principle were valid, it might be in order to have the Management Staff study both the Commercial Staff and the PAP Staff in detail to see whether or not a merger was valid and if so, how it should be handled and what type of organization should come out of it.

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6. Mr. [REDACTED] then spoke to the point that before the merger was discussed, consideration should be given as to the functions of the Commercial Staff, specifically as to whether they should continue under directives resulting in a sort of a grey area insofar as their authority was concerned. Should the Commercial Staff actively have a responsibility for management in the line sense or should they continue as they have largely in the past, serving only as advisers? It was indicated that in an advisory capacity the Case Officers and others in the operating divisions can render the service of the Management Staff ineffectual by refusing to accept, or by perverting advice and recommendations furnished by the Management Staff. ?

25X1A2g 7. Colonel White indicated that he felt they should continue to function in an advisory capacity but on a strong basis. His feeling was that if the Case Officers do not want to take the advice of the Commercial Staff, they would have to go to a higher level in order to refuse to comply with or conform to the advice. He felt we should stop short of the [REDACTED] and [REDACTED] situations where the Case Officer in Management Staff has the whole burden of carrying the Agency's responsibilities for the commercial aspects of these projects. 25X1A2g

25X1A9a 25X1A2g 8. Mr. [REDACTED] indicated that they had not sought Management authority in the sense of [REDACTED] and that in every case where it was given to them, it had been as a result of the directive coming from some other source and that when such a directive was under consideration, the Commercial Staff indicated their level of capabilities in regard to the responsibilities they were to receive. They have gotten responsibility for liquidating certain projects where they appear to have a better ability to handle the situation than the operating division.

9. Colonel White indicated that if the statement of functions needed to be changed to put teeth into it, there would be no difficulty in making such a change.

25X1A9a 25X1C 10. Mr. [REDACTED] indicated that the Commercial Staff has never been in, to any great extent, [REDACTED] In his opinion, combining the PAP and Commercial Staffs wouldn't help too much, unless there are teeth. He also indicated that in his opinion the area divisions and others in the DD/P may look upon such a combination with disfavor. At the present time when meetings are being held regarding the administration of proposed projects, the PAP Staff and the Commercial Staff sit as distinct entities and the Divisions recognize that Commercial is furnishing advice. In the combination, it would appear that the DD/S was writing his own ticket with regard to managing and operating projects and this would lead to suspicions and charges of taking over the responsibilities of the DD/P.

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11. Colonel White indicated that it might be more beneficial to have more teeth in the Regulations and give some authority to the new group. He felt that in this way certain of the Case Officers would not be so inclined to non-concurrence in the recommendations of this group. He has this impression from his experience with plans developed by the PAP Staff. When they know that the final approval of a plan is at the level of the DD/P and the DD/S, they appear to be more inclined to go along with recommendations of the Staffs than to fight out a non-concurrence through the higher echelons, unless it is a matter of real substance. He definitely feels that the Investment Management Staff could be strong in an advisory capacity and still stay out of the actual day-to-day management.

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12. Mr. [REDACTED] indicated that the PAP Staff and Commercial Staff have much different functions that might lead to confusion rather than help, if they were put under one head. He felt that the education of the Case Officers would be more beneficial than a combination of Staffs.

13. Colonel White again indicated his feeling that a Case Officer would probably appreciate one place where he could get all the advice that he needed from the various DD/S elements sorted out.

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14. Mr. [REDACTED] indicated that with a combination there still would not be "one place" where they could get all needed advice. There would still be a need for going to the various support offices to work out the details.

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15. Mr. [REDACTED] then indicated that it was his feeling that the picture is not quite as confused as the report would lead one to believe. The Case Officers who were contacted by the Inspector General's group may have left an impression of confusion but if they had checked out at the administrative and staff level they would not have found confusion.

16. Colonel White indicated then that it was his experience with the Central Processing Branch that at least once a week he received unsolicited compliments as to the advantage of going to one place to get all angles of a trip handled. He felt that the same approach would be valid in developing the administrative requirements for a project.

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17. Mr. [REDACTED] then added some other comments which indicated they did not feel a combination would be particularly effective or valid, and reference was made to commercial management firms. Mr. Houston felt that there was some validity to a combination. Mr. [REDACTED] indicated that he would not object to a combination but he would not want to see "change for the sake of change." Colonel White indicated that there is a tangible need for a change, and the need that was evident was for a

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25X1A9a facility for a Case Officer to get the guidance he needed at one spot.
25X1A9a Mr. [REDACTED] indicated that in his opinion, continuous process of developing and managing the administration of a project would make sense. Colonel White asked Mr. [REDACTED] if he had any comments at this time, and he indicated that he preferred to hold off until he had opportunity to study the situation. Colonel White then asked Mr. [REDACTED] to study the matter as it had been outlined and furnish recommendations as soon as he could. He was to proceed on the assumption that the principle proposed was sound. If it is sound, how do we go about it? Colonel White again emphasized that "unless it is unsound, I believe we ought to do it."

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25X1A9a 18. Mr. [REDACTED] then asked what the target date was, and Colonel White indicated Labor Day.

25X1A9a 19. Mr. [REDACTED] took our office copy of the Inspector General's
25X1A9a report and a copy of Mr. [REDACTED]'s comments on the report.

[REDACTED]
Special Assistant to the
Deputy Director (Support)

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